

OFFICE OF MANAGEMENT AND BUDGET

Proposed Information Collection Activities OMB Circular A-21; Request For Comments

AGENCY: Office of Management and Budget, Executive Office of the President.

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act (44 U.S.C. 3501 et seq.), the Office of Management and Budget (OMB) invites comment on the proposed information request. This request proposes a standard format for submitting facilities and administrative rate proposals by educational institutions and will be required by OMB Circular A-21, "Cost Principles for Educational Institutions." The standard format would assist institutions in completing their proposals more efficiently and help the Federal cognizant agency review each proposal on a more consistent basis. OMB proposed the use of and solicited input on the use of such a form in its proposed revision to OMB Circular A-21 on September 10, 1997 (62 FR 47721). OMB received 35 comments from Federal agencies, universities and professional organizations in response to that section of the proposed revision to Circular A-21. All commenters were in favor of the development of such a form. OMB, with assistance from Federal agencies and universities, developed the attached form for inclusion in Circular A-21. OMB also proposes to revise Circular A-21 as shown below, to incorporate the new form.

DATE: Comments are due on or before October 11, 1999.

ADDRESSES: Comments should be mailed to Gilbert Tran, Office of Federal Financial Management, Office of Management and Budget, 725 17th Street, N.W., Room 6025, Washington, DC 20503. Comments up to three pages in length may be submitted via facsimile to 202-395-4915. Electronic mail comments may be submitted via Internet to Hai_M._Tran@omb.eop.gov. Please include the full body of electronic mail comments in the text and not as an attachment. Please include the name, title, organization, postal address, and E-mail address in the text of the message.

FOR FURTHER INFORMATION CONTACT: Gilbert Tran, Office of Federal Financial Management, Office of Management and Budget, (202) 395-3993.

SUPPLEMENTARY INFORMATION: OMB proposed in September 1997, to develop a standard format for the submission of facilities and administrative (F&A) proposals, that would assist educational institutions in completing their F&A proposals more efficiently and help the Federal cognizant agency review each proposal on a more consistent basis. It would also facilitate the Federal Government's effort to collect better information regarding educational institution F&A costs that could be useful in explaining variations in F&A rates among institutions. In addition, a standard format may allow electronic submission of F&A proposals to the Federal cognizant agency in the future.

Federal agencies, universities and professional organizations, through their submitted comments, favorably support the proposal for the development of a standard format. Accordingly, OMB, with the

assistance from Federal agencies and university representatives, developed a standard format that includes two parts:

- C A summary schedule of the institution's proposed F&A rates, along with the F&A cost pools and their allocations, and
- C A listing of support documentation to be submitted with an F&A proposal.

OMB is proposing, through this notice, to include the standard format as Appendix C of the Circular. This notice is soliciting comments from members of the public and affected entities concerning the proposed information collection to: (1) evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (2) evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (3) enhance the quality, utility, and clarity of the information to be collected; and (4) minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection technique of other forms of information technology, e.g., permitting electronic submission of responses.

This notice also lists the following information:

Title: Appendix C, "OMB Circular A-21 Documentation Requirements for Facilities and Administrative (F&A) Proposals Claiming Costs Under the Regular Method"

Type of review: New collection

Respondents: Large Universities

Number of Responses: 282

Estimated Time Per Response: 4 hours

Needs and Uses: The proposed form will standardize the documentation requirements for facilities and administrative proposals submitted by large universities to their cognizant agency.

Issued in Washington, DC, August 4, 1999.

/S/

Norwood J. Jackson, Jr.
Acting Controller

OMB proposes the following revisions to Circular A-21.

1. Add Section G.12 to read as follows:

12. Standard Format for Submission. For facilities and administrative (F&A) proposals submitted on or after July 1, 2000, educational institutions shall use the standard format, shown in Appendix C, to submit their F&A rate proposal to the cognizant agency. The cognizant agency may, on an institution by institution basis, grant exceptions from the standard format requirement. This requirement does not apply to educational institutions which use the simplified method for calculating F&A rates, as described in Section H.

2. Add Appendix C (shown below):

Appendix C

OMB CIRCULAR A-21 DOCUMENTATION REQUIREMENTS FOR FACILITIES AND ADMINISTRATIVE (F&A) PROPOSALS CLAIMING COSTS UNDER THE REGULAR METHOD

The documentation requirements for F&A rate proposals consist of two parts. Part I provides a schedule of summary data on the institution's F&A cost pools and their allocations, and the proposed F&A rates. An example of a completed Part I is included. Part II describes the standard documentation to be submitted with the institution's F&A proposal.

Part I

Summary Data Elements for F&A Proposal - Part A

Name of Institution: _____

Organization Number: (Federal Use Only)

Address: _____

a. Cognizant Federal Agency Rate Setting: ____

Audit: ____

b. Type of Institution Private ()

Public/State ()

c. Fiscal Year _____

d. Population Students: _____ Faculty: _____ Staff: _____

e. Status of Disclosure Statement Required to Submit (Y/N)? ____

Due Dates: Initial: _____ Revised: _____

Date Submitted _____

Approved () Yes () No Date: _____

f. Most Current F&A Rates (i.e., final, predetermined, fixed) (Last three fiscal years)

Type of Rate	Fiscal Year covered	Date of Rate Agreement	On-Campus Instruction	On-Campus Organized Research	On-Campus OSA*	Off-Campus Instruction	Off-Campus Organized Research	Off-Campus OSA*

(*OSA= Other Sponsored Activities)

g. Base year costs associated with new buildings placed into service within the last five years (i.e., base year and four preceding years) by major functions proposed (in thousands).

	<u>Instruction</u>	<u>Organized Research</u>	<u>OSA</u>
Building Depreciation or Use Allowance	_____	_____	_____
Interest Expense	_____	_____	_____
Operation and Maintenance	_____	_____	_____

h. Dollar amounts by major functions proposed - Base Year (in thousands)

	<u>Instruction</u>	<u>Organized Research</u>	<u>OSA</u>
Salaries & Wages/Fringes			
- Professional/Professorial	_____	_____	_____
- Other Labor	_____	_____	_____
Non-labor Costs	_____	_____	_____
Modified Total Direct Costs	_____	_____	_____

i. Percentage of cost pool dollars allocated to major functions proposed - Base Year

	<u>Instruction</u>	<u>Organized Research</u>	<u>OSA</u>	<u>Other</u>	<u>Total</u>
Building Depreciation or Use Allowance	_____	_____	_____	_____	_____
Equipment Depreciation or Use Allowance	_____	_____	_____	_____	_____
Interest Expense	_____	_____	_____	_____	_____
Operation and Maintenance	_____	_____	_____	_____	_____
Library	_____	_____	_____	_____	_____

k. Procedure for claiming fringe benefit costs: _____
Specific Identification: _____
Negotiated Rate: _____
Other (see attached): _____

Part I
Summary Data Elements for F&A Proposal - Part B

Base (or Data) Year: _____

Base Year Rate Calculation Summary by Major Function (dollars in thousands)

	<u>Instruction</u>		<u>Organized Research</u>		<u>OSA</u>	
FACILITIES GROUP						
Depreciation/Use Allowance						
. Buildings	\$ _____	____%	\$ _____	____%	\$ _____	____%
. Equipment	\$ _____	____%	\$ _____	____%	\$ _____	____%
. Land Improvements	\$ _____	____%	\$ _____	____%	\$ _____	____%
Interest Expense	\$ _____	____%	\$ _____	____%	\$ _____	____%
Operation & Maintenance	\$ _____	____%	\$ _____	____%	\$ _____	____%
Library	\$ _____	____%	\$ _____	____%	\$ _____	____%
ADMINISTRATIVE GROUP						
General	\$ _____	____%	\$ _____	____%	\$ _____	____%
Departmental	\$ _____	____%	\$ _____	____%	\$ _____	____%
Sponsored Projects	\$ _____	____%	\$ _____	____%	\$ _____	____%
Student Services	\$ _____	____%	\$ _____	____%	\$ _____	____%
Adjustment for 26% Limitation		____%		____%		____%

MODIFIED TOTAL DIRECT COST and F&A RATES

On-Campus	\$ _____	____%	\$ _____	____%	\$ _____	____%
Off-Campus	\$ _____	____%	\$ _____	____%	\$ _____	____%
Other	\$ _____	____%	\$ _____	____%	\$ _____	____%
Total	\$ _____		\$ _____		\$ _____	

COMPOSITION OF RATE BASE

Federal Awards			
On-Campus (negotiated rates)	\$ _____	\$ _____	\$ _____
Off-Campus (negotiated rates)	\$ _____	\$ _____	\$ _____
Research Training Awards	\$ _____	\$ _____	\$ _____
Other Awards (not based on negotiated rates)	\$ _____	\$ _____	\$ _____
Non-Federal Sources	\$ _____	\$ _____	\$ _____
Total	\$ _____	\$ _____	\$ _____

MISCELLANEOUS STATISTICS

Cost Sharing in Rate Base \$_____ \$_____ \$_____
 Assignable Square Feet (ASF)
 by Major Function _____
 Percent of ASF Financed _____% _____% _____%

Part I - Example

Summary Data Elements for F&A Proposal - Part A

Name of Institution: University of XYZ Organization Number: (Federal Use Only)
 Address: 100 Main St
 Somewhere, ST 12345

- a. Cognizant Federal Agency Rate Setting: HHS Audit: HHS
 b. Type of Institution Private () Public/State (X)
 c. Fiscal Year July 1, 1997- June 30, 1998
 d. Population Students: 12,000 Faculty: 1,759 Staff: 2,798
 e. Status of Disclosure Statement Required to Submit (Y/N)? Yes
 Due Dates: Initial: 06/30/98 Revised: 12/31/98
 Date Submitted 12/10/98
 Approved (X)Yes () No Date: 06/13/ 99
 f. Most Current F&A Rates (i.e., final, predetermined, fixed) (Last three fiscal years)

Type of Rate	Fiscal Year covered	Date of Rate Agreement	On-Campus Instruction	On-Campus Organized research	On-Campus OSA*	Off-Campus Instruction	Off-Campus Organized research	Off-Campus OSA*
Pred	1999	09/15/96	78.0%	52.5%	38.3%	26.0%	26.0%	20.0%
Pred	1998	09/15/96	78.0%	52.5%	35.0%	26.0%	26.0%	20.0%
Pred	1997	09/15/96	76.0%	53.0%	35.0%	26.0%	26.0%	20.0%

(*OSA= Other Sponsored Activities)

- g. Base year costs associated with new buildings placed into service within the last five years (i.e., base year and four preceding years) by major functions proposed (dollars in thousands).

h. Dollar amounts by major functions proposed - Base Year (in thousands)

i. Percentage of cost pool dollars allocated to major functions proposed - Base Year

j. Proposed methodology for library costs:	Standard Method:	Yes
	Special Study:	No

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Part I - Example
Summary Data Elements for F&A Proposal - Part B

Name of Institution: University of XYZ

Base (or Data) Year: 07/01/97 to 06/30/98

Base Year Rate Calculation Summary by Major Function (dollars in thousands)

	<u>Instruction</u>		<u>Organized Research</u>		<u>OSA</u>	
FACILITIES GROUP						
Depreciation/Use Allowance						
. Buildings	4,861	9.6%	5,278	6.9%	306	2.6%
. Equipment	3,082	6.1%	2,496	3.3%	194	1.7%
. Land Improvements	1,992	4.0%	133	0.2%	17	0.1%
Interest Expense	1,944	3.9%	2,111	2.8%	122	1.0%
Operation & Maintenance	8,532	16.9%	9,264	12.1%	536	4.6%
Library	7,910	15.7%	1,146	1.5%	96	0.8%
ADMINISTRATIVE GROUP						
General	1,535	2.7%	2,330	2.7%	356	2.7%
Departmental	11,991	21.4%	17,239	20.3%	2,797	21.5%
Sponsored Projects	89	0.2%	2,693	3.2%	412	3.2%
Student Services	4,166	7.4%	0	0.0%	0	0.0%
Adjustment for 26% Limitation		-5.7%		- 0.2%		-1.4%

**MODIFIED TOTAL DIRECT COST
and F&A RATES**

On-Campus	50,400	82.2%	76,500	52.9%	11,700	38.3%
Off-Campus	5,600	26.0%	8,500	26.0%	1,300	26.0%
Other	0	0.0%	0	0.0%	0	0.0%
Total MTDC	<u>56,000</u>		<u>85,000</u>		<u>13,000</u>	

COMPOSITION OF RATE BASE

Federal Awards		
On-Campus (negotiated rates)	1,000	46,000
Off-Campus (negotiated rates)	120	5,000
Research Training Awards	0	0
Other Awards (not based on negotiated rates)	1,680	8,500
Non-Federal Sources	53,200	25,500
Total	<u>56,000</u>	<u>85,000</u>

MISCELLANEOUS STATISTICS

Cost Sharing in Rate Base	(10,000)	10,000	0
Assignable Square Feet (ASF)			
by Major Function	83,611	90,778	5,256
Percent of ASF Financed (1)	7.0%	20.0%	30.0%

Note (1): Ratio of ASF subject to financing divided by total ASF. If 20% of a building's acquisition cost is financed, then 20% of the ASF is considered ASF financed.

Part II

INTRODUCTION

This Part contains the standard documentation requirements that are needed by your cognizant agency to perform a review of your institution's F&A cost proposal. This documentation supports the development of proposed rates shown in Part I and will be submitted with your F&A cost proposal.

This listing contains minimum documentation requirements.

Additional documentation may be needed by your cognizant agency before completing a proposal review.

If there are any questions about these requirements, please contact your cognizant agency.

Documentation requirements would be cross-referenced to appropriate schedule(s) within the submitted F&A cost proposal.

GENERAL INFORMATION

Reference:

- _____ 1. Copy of CPA audited certified (or State Auditor) financial statements including any affiliated organizations. The statements must be reconciled to the F&A base year cost calculation. Copy of most recently issued A-133 audit reports
- _____ 2. Copy of relevant detail supporting the financial statement, including a reconciliation schedule for each cost pool and rate base in the F&A base year cost calculation. A reconciliation schedule will show each reclassification and adjustment to the financial statements to arrive at the cost pools and rate bases in F&A base year cost calculation. Each reclassification and adjustment must be explained in notes to the reconciliation schedule
- _____ 3. Cost step-down schedule showing allocation of each F&A cost pool to the Major Functions and other cost pools
- _____ 4. Explanation for each proposed organized research rate component which exceeds 10% of the prior negotiated rate component
- _____ 5. Schedule by college or school breaking down the organized research base into amounts associated with (a) Federal awards receiving F&A cost based on the negotiated rate agreement, (b) Federal awards receiving less than the negotiated rates, (c) non-Federal awards, and (d) cost sharing

- _____ 6. Schedules clearly detailing composition and allocation base(s) of each F&A cost pool in base year cost calculation
- _____ 7. Narrative description of composition of each F&A cost pool and allocation methodology. If the institution has filed a DS-2 submission, specific references (rather than narrative descriptions) from the DS-2 may be used
- _____ 8. Narrative description of changes in accounting or cost allocation methods made since the institution's last F&A submission
- _____ 9. Copy of reports on the conduct and results of special studies
- _____ 10. Copy of the following:
 - (a) The Certificate of F&A Costs
 - (b) Lobbying Certification
 - (c) Description of procedures used to ensure that awards issued by the Federal Government do not subsidize the F&A costs allocable to awards made by non-Federal sources (e.g., industry, foreign governments)
 - (d) Statement concerning the physical inventory requirement to support claims for depreciation/use allowance charges
 - (e) Assurance Certification - for those institutions listed on Exhibit A - concerning disposition of Federal reimbursements associated with claims for depreciation/use allowances
 - (f) Assurance statement that institution is in compliance with Federal awarding agency limitations on compensation (e.g., NIH salary limitation, executive compensation)
- _____ 11. If applicable, reconciliation of carry-forward amounts from prior years used in the current proposal
- _____ 12. Transmittal letter stipulating the type(s) of rates proposed, the fiscal year(s) covered by the proposal and the base year used

RATE PROPOSAL SUMMARY BY MAJOR FUNCTION

- _____ 1. Summary of F&A base year rates calculated by Major Function and special rates (e.g., vessel rates) if applicable by component. These would be grouped by Administrative Components and Facilities Components. Total base year calculated rates would be disclosed, as well as allowable rates after the 26 percent limitation on Administrative Components

- _____ 2. Breakout of Modified Total Direct Cost (MTDC) rate base figures for each major function (and special rates, if applicable) by:
- (1) On-Campus and Off-Campus amounts
 - (2) Federal awards
 - a. Based on Negotiated Rates - On-Campus
 - b. Based on Negotiated Rates - Off-Campus
 - c. Research Training Awards
 - d. Other Awards Not Based on Negotiated Rates
 - (3) Non-Federal Sources
- _____ 3. Miscellaneous Statistics including:
- (1) Cost Sharing (including Mandatory and Voluntary amounts) in the Rate Base
 - (2) Assignable Square Feet (ASF) by Major Function
 - (3) Percentage of ASF which is financed (by Major Function)
 - (4) Breakout of Direct Salaries and Wages and fringe benefits by Professional/Professorial and Other (by Major Function)
- _____ 4. Future rate adjustments, if necessary, related to material changes since the base year. A clear description of the justification for each of the following:
- (1) Changes by cost pool by year
 - (2) Changes in MTDC base by year
 - (3) Changes in F&A rates for future years
- _____ 5. Summary of future F&A rates, if necessary, by Major Function and special rates (e.g., vessel rates) which lists each administrative and facilities component by year.

BUILDING USE ALLOWANCE AND/OR DEPRECIATION

- _____ 1. Reconciliation of building cost used to compute use allowance and/or depreciation with the financial statements. If depreciation is claimed in the F&A proposal and disclosed on the financial statements, provide a reconciliation of depreciation amount with the financial statements.
- NOTE: If an institution's financial statements do not disclose depreciation expense (those subject to GASB), a reconciliation of claimed depreciation expense to the financial statements is not possible.
- _____ 2. Schedule showing amount by building of use allowance and/or depreciation distributed to all functions

- _____ 3. If a method different from the standard square footage allocation method was used, describe method. Provide justification for its use and a schedule of allocation. If institution has filed a DS-2 submission, claimed allocation methodology may be referenced to specific section of the DS-2
- _____ 4. If depreciation is claimed, describe what useful lives by group and component have been used

EQUIPMENT USE ALLOWANCE AND/OR DEPRECIATION

- _____ 1. Reconciliation of equipment cost used to compute use allowance and/or depreciation with the financial statements. If depreciation is claimed in the F&A proposal and disclosed on the financial statements, provide a reconciliation of depreciation amount with the financial statements.

NOTE: If an institution's financial statements do not disclose depreciation expense (those subject to GASB), a reconciliation of claimed depreciation expense to the financial statements is not possible.

- _____ 2. Schedule showing amount by building of use allowance and/or depreciation distributed to all functions
- _____ 3. If a method different from the standard square footage allocation method was used, describe the method. Provide a justification for its use and a schedule of allocation. If institution has filed a DS-2 submission, claimed allocation methodology may be referenced to specific section of the DS-2
- _____ 4. If depreciation is claimed, describe what useful lives by asset class and component have been used

INTEREST

- _____ 1. Reconciliation of interest cost used in the F&A base year calculation to the financial statements
- _____ 2. Schedule showing amount of interest assigned to each building and a distribution to all benefitting functions within each building for each proposed Major Function

SPACE SURVEY

- _____ 1. Summary schedule of square footage by school, department, building and function
- _____ 2. The same schedule should then be sorted by school, building, department, and function
- _____ 3. Copy of space inventory instructions, forms, and definitions

OPERATIONS AND MAINTENANCE (O&M)

- _____ 1. Summary schedule of each activity in O&M cost pool. It must show the costs by S&W/fringe benefits and all non-labor cost categories
- _____ 2. Schedule showing amount of O&M costs distributed to all functions

GENERAL ADMINISTRATION (G&A)

- _____ 1. Summary schedule of each activity in the G&A cost pool. It must show the costs by S&W/fringe benefits and all non-labor cost categories
- _____ 2. Schedule of costs in the modified total costs (MTC) allocation base
- _____ 3. If a method different from the standard MTC allocation method was used, describe the method. Provide a justification for its use and a schedule of allocation. If institution filed a DS-2 submission, claimed allocation methodology may be referenced to specific section of the DS-2

DEPARTMENTAL ADMINISTRATION (DA)

- _____ 1. Schedule of the DA summary by school, department and allocated to Major Functions by department
- _____ 2. Schedule identifying costs by S&W/fringe benefits and non-labor costs by department for the following functions:
 - (1) Direct (Major Functions)
 - a. Instruction
 - b. Organized Research
 - c. Other Sponsored Activities
 - d. Other
 - (2) Departmental Administration (excluding Deans)

- (3) Dean's office
- (4) Other, as appropriate

S&W/fringe benefits shall be further identified as follows:

- (1) Faculty and other professional
- (2) Administrative (e.g., business officers, accountants, budget analysts, budget officers)
- (3) Technicians (e.g., lab technicians, glass washers)
- (4) Secretaries and clerical

- _____ 4. Complete description of allocation method, bases and allocation sequences (e.g., direct charge equivalent, 3.6 percent allowance). If a method different from the standard MTC allocation method was used, describe the method. Provide a justification for its use and a schedule of allocation. If institution filed a DS-2 submission, claimed allocation methodology may be referenced to specific section of the DS-2
- _____ 5. Show a detailed example (i.e., illustration of your Direct Charge Equivalent (DCE) methodology) of the allocation process used for one department which has Instruction and Organized Research functions from each of the following schools: Medicine, Arts & Sciences and Engineering, as applicable

SPONSORED PROJECTS ADMINISTRATION (SPA)

- _____ 1. Summary schedule for each activity included in SPA cost pool. It should show costs by S&W/fringe benefits and all non-labor cost categories
- _____ 2. Schedule of the sponsored projects direct costs in the MTC allocation base
- _____ 3. If a method different from the standard sponsored projects MTC allocation method was used, describe method. Provide justification for its use and a schedule of allocation. If school filed a DS-2 submission, claimed allocation methodology may be referenced to specific section of the DS-2

LIBRARY

- _____ 1. Summary schedule for each activity included in library cost pool. It would show costs by salaries and wages, books, periodicals, and all other non-labor cost categories
- _____ 2. Schedule listing all credits to library costs

- _____ 3. Schedule of Full Time Equivalents (FTE) and salaries and wages in the bases used to allocate library costs to users of library services
- _____ 4. If the standard allocation methodology was not used, describe the alternative method and provide justification for its use. Provide schedules of allocation statistics by function. If school filed a DS-2 submission, claimed allocation methodology may be referenced to specific section of the DS-2

STUDENT SERVICES

- _____ 1. If the proposed allocation base(s) differs from the stipulated standard allocation methodology provide:
 - (a) Justification for use of a non-standard allocation methodology;
 - (b) Description of allocation procedure; and
 - (c) Statistical data to support proposed distribution process

If school filed a DS-2 submission, claimed allocation methodology may be referenced to specific section of approved DS-2

Billing Code 3110-01-P